

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6831

BILL NUMBER: HB 1362

NOTE PREPARED: Jan 8, 2008

BILL AMENDED:

SUBJECT: Nonprofit and County Hospitals.

FIRST AUTHOR: Rep. Brown C

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & local

Summary of Legislation: This bill requires a: (1) nonprofit hospital; and (2) county hospital; to be certified Medicaid providers and participate in the state Medicaid program.

The bill requires specified physicians of these hospitals to apply to be Medicaid providers, and if approved, provide covered Medicaid services for Medicaid recipients.

Effective Date: July 1, 2008.

Explanation of State Expenditures: This bill would require nonprofit hospitals, hospitals eligible for tax-exempt bonding, and hospitals exempt from state and local taxes to apply to be Medicaid-certified hospitals and to participate in the Medicaid program. The Medicaid and Medicare certification process is the same; the hospital has to indicate the program or programs in which they wish to be certified for participation.

In order to participate in Indiana Medicaid, providers must apply to the Office of Medicaid Policy and Planning (OMPP) to be a provider. If approved, the program can be billed for reimbursement. It is not known if any affected hospitals do not currently participate in the Medicaid program. The fiscal impact of this provision would likely be minimal, if any.

The bill also requires physicians who are employed by or providing services under a contract with a nonprofit hospital, a hospital eligible for tax-exempt bonding, or a hospital exempt from state and local taxes, or an entity affiliated with, controlled by, or managed by such a hospital to apply to OMPP to be Medicaid providers. If approved by the OMPP, physicians must provide services to Medicaid recipients. These requirements do not appear to apply to physicians with hospital admitting privileges who have no

employment or contractual relationships with the hospital. The provision does not appear to have any enforcement actions or sanctions associated with failure to perform. It also appears to apply to all physicians that are employed by or under contract with an affected hospital regardless of the duties of the physician under the terms of employment or contract.

The bill specifies under the governing statutes that county hospitals must be certified as Medicaid providers and participate in the Medicaid program. The provision does not apply to municipal hospitals or to the Health and Hospital Corporation. It also requires that physicians who are employed by or providing services under a contract with a county hospital or an entity affiliated with, controlled by, or managed by a county hospital are to apply to OMPP to be Medicaid providers. If approved by OMPP, physicians must provide services to Medicaid recipients. The provision appears to apply to all physicians that are employed by or under contract with county hospitals regardless of the duties of the physician under the terms of employment or contract. This provision would be enforceable under Indiana hospital licensure statutes and would require the State Department of Health (ISDH) to revise administrative rules to incorporate these requirements. Hospitals would most likely be required to demonstrate the hospital's and the affected physicians' participation in Medicaid during the licensure survey. County hospitals would be subject to state licensure enforcement actions, which include a range of sanctions from issuing a letter of correction through revocation of the license or imposing a civil penalty. The ISDH should be able to accomplish the revision of administrative rules within the level of resources available to the agency.

Explanation of State Revenues: Civil penalties are deposited in the state General Fund. The level of civil penalties that might be assessed is expected to be dependent upon administrative actions and individual circumstances.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISDH; OMPP, Family and Social Services Administration.

Local Agencies Affected: County hospitals.

Information Sources: ISDH.

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